

ECONOMIC DEVELOPMENT COMMITTEE

DATE: October 18, 2006

CALLED TO ORDER: 5:22 p.m.

ADJOURNED: 6:06 p.m.

ATTENDANCE

ATTENDING MEMBERS

Jackie Nytes, Chair
Patrice Abdullah
Virginia Cain
Marilyn Pfisterer
Joanne Sanders

ABSENT MEMBERS

Lonnell Conley
Isaac Randolph

AGENDA

PROPOSAL NO. 165, 2006 - an inducement resolution for Camby Woods, L.P. in an amount not to exceed \$14,000,000 which consists of the construction of a 220-unit apartment complex to be known as Camby Woods Apartments located at 7700 Camby Road (District 22)
"Strike"

Vote: 5-0

PROPOSAL NO. 552, 2006 - a Final Resolution for Urban Innovations, Ltd. in an amount not to exceed \$5,500,000 for the acquisition, rehabilitation and renovation of a 111-unit low-income elderly apartment complex located at 8851 Colby Boulevard (Park Regency Apartments Project) in District 1.
"Do Pass"

Vote: 5-0

Economic Development Planning – Mr. Jim Garrard, Mayor's Office

ECONOMIC DEVELOPMENT COMMITTEE

The Economic Development Committee of the City-County Council met on Wednesday, October 18, 2006. Chair Jackie Nytes called the meeting to order at 5:22 p.m. with the following members present: Patrice Abdullah, Virginia Cain, Marilyn Pfisterer, and Joanne Sanders. Lonnell Conley and Isaac Randolph were absent.

PROPOSAL NO. 165, 2006 - an inducement resolution for Camby Woods, L.P. in an amount not to exceed \$14,000,000 which consists of the construction of a 220-unit apartment complex to be known as Camby Woods Apartments located at 7700 Camby Road (District 22)

Chair Nytes stated that this was an inducement for Camby Woods and appears on the agenda as a housekeeping item. Striking this proposal would take it off the agenda. She added that she was disappointed that this project didn't have community support, because she thought it would have been good for everyone involved.

Councillor Cain moved, seconded by Councillor Sanders, to "Strike" Proposal No. 165, 2006. The motion carried by a vote of 5-0.

PROPOSAL NO. 552, 2006 - a Final Resolution for Urban Innovations, Ltd. in an amount not to exceed \$5,500,000 for the acquisition, rehabilitation and renovation of a 111-unit low-income elderly apartment complex located at 8851 Colby Boulevard (Park Regency Apartments Project) in District 1.

Chair Nytes recognized Rod Morgan, Bond Counsel for the Economic Development Commission, and asked him to explain the process of a final resolution during his presentation.

Mr. Morgan stated that this is a final resolution that has been heard before as an inducement resolution. The process begins with an inducement for the authority to issue taxes and bonds. Once that is approved the resolution comes before the Council for final bond ordinance approval.

Councillor Abdullah asked for clarification regarding the limits on revenue bonds. He stated that on the set of documents that Councillors received prior to this meeting, the bonds are not to exceed \$6.7 million, but this proposal states that these bonds are not to exceed \$5.5 million. Mr. Morgan stated that the \$6.7 million figure was an estimate, but once the developer assessed each unit, it was determined that only \$5.5 million would be needed. Mr. Morgan distributed a handout (Exhibit A) detailing the sources and uses of the bond revenue for the project. This project renovates Section 8 apartments that are one or two-bedroom units for tenants that are at least 62 years old. There is a waiting list to move in, as has been the case for several years. Renovation of the units will take place without displacement of the residents. It will be purchased from the Jewish Federation of Greater Indianapolis Housing Corporation. He stated that no members of the public appeared at the Economic Development Commission meeting where the proposal was passed unanimously. The obligation of repayment for the bonds will not be a city obligation; revenue will cover any repayment of the bonds. He added that Councillor Randolph voted against this proposal at the Economic Development Planning Commission meeting, but upon receiving additional information,

voted for the proposal at the October 9, 2006 Council meeting where it passed unanimously.

Chair Nytes said the proceeds for the sale would also underwrite the cost of senior programs offered by the Jewish Federation and asked if the developers were in attendance. Mr. Morgan answered in the affirmative.

With no further comments or questions, Councillor Sanders moved, seconded by Councillors Cain and Abdullah, to send Proposal No. 552, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

Economic Development Planning

Jim Garrard, Director of Economic Development for the Mayor's Office, presented an overview of the status of economic development in the city. He said Indianapolis has recently received some accolades. The Brookings Institution reported that between 2002 – 2005, Indianapolis had the highest rate of job growth in the region. He said the city has exceeded its expectations for growth. The high rate of growth can be attributed to a more diversified economy and skilled workforce. He added that the city continues to look for broader initiatives to continue the high rate of job growth.

Mr. Garrard said that Rolls Royce had been looking for investments that would retain jobs in Indiana. Because of these investments, instead of just retaining jobs, they are adding 600 jobs, 150 of which are high paying. He added that although manufacturing is in decline, advanced manufacturing, such as Rolls Royce, is continuing to grow. FedEx's second largest hub is located in Indianapolis, and they have announced an expansion of 800 new jobs this year. In 2005, there were 850 new job commitments, with an incentive package from the city, from various companies who had received tax incentives. Through Since September 2006, companies have committed to adding 2,500 new jobs, and the city hopes to add another 1,000 before the end of the year. He added that the big numbers look nice, but it is the smaller companies adding smaller numbers of jobs that are the bread and butter of job growth.

Councillor Sanders asked what the average wage rates at the new jobs were for 2005 and 2006 and if there were any benchmarks for wages within the incentive packages. Mr. Garrard stated that the city hopes the jobs will be at the county average, but there is no requirement. Councillor Sanders asked for clarification of the average wage in Marion County. Mr. Garrard stated that the county average is around \$18.50 per hour.

Councillor Pfisterer stated that there was an announcement that Praxair is also adding jobs, and asked for clarification of the definition of region in The Brookings Institution study. Mr. Garrard stated that Indianapolis is marketed as an area of Marion County and the surrounding counties.

Councillor Abdullah stated that at the last Economic Development Committee meeting the Indianapolis Private Industry Council (IPIC) presented excellent statistics regarding job growth in Indianapolis. He asked if the city is looking at creative solutions or incentives for companies that would address the problems of a lack of employment opportunities for youth, ex-offenders, and the less skilled. Mr. Garrard stated that IPIC is a key resource for the City. When the park was opened in the Martindale/Brightwood area, the residents were promised jobs, and IPIC is training the 20 – 30 people who have been hired for these jobs. IPIC also helps the city train people for higher skilled jobs, but he agreed that it is important to add incentives for companies to bring lower skilled or entry level jobs for people who have not yet been trained. The city is beginning to ask

for continual training of employees, rather than only a specified number of employees in the incentive packages. He added that public transportation is also a key issue for the city. To encourage growth, the city must make sure that potential employees can get to and from jobs. Councillor Abdullah stated that the Governor is talking to the Japanese regarding aircraft production and asked if the mayor's office is looking into this. He said that Kansas has a program that trains youth in inner city schools for the aircraft industry starting as young as the ninth grade. Mr. Garrard stated that he had not heard of this program and asked if Councillor Abdullah could provide him with more information about it at a later date. Councillor Abdullah answered in the affirmative and asked if the city is planning to work with existing small community businesses to keep the neighborhoods growing and revitalizing. Mr. Garrard stated that the city is providing resources and making sure these businesses have access to loans and that initiatives are in place to help neighborhoods revitalize.

Mr. Garrard stated that the focus of the city and IPIC are in 4 key areas:

- Life Sciences – this is a large growing field that includes private and public resources, such as Roche, Lilly, IU School of Medicine, etc.
- Advanced Manufacturing – a field of continued growth that includes places such as Rolls Royce.
- Logistics – Indianapolis is uniquely situated for this area of industry, because of the airport, railroads, interstate system, and location in the center of the country.
- Motorsports – this is a racing city and the industry is growing and looking to invest in areas that are hubs for their products.

Mr. Garrard stated that one of the newer initiatives in the region is a speculative abatement program. In Franklin Township there is a large percentage of undeveloped land that could be used for industry. Franklin already has a lot of residential housing, but not much industry investment. He said the program allows Franklin Township to invest in the construction of buildings for potential companies in a five parcel pilot program. The companies that choose to invest here could receive 10-year abatements if they meet certain expectations of size, time and number of employees. Johnson and Hancock Counties are currently doing these types of programs. Attracting logistics companies is the focus of these types of projects because those companies do not want to waste time with zoning and building. He added that Marion County has not invested in this program previously because there is not a lot of vacant land.

[Clerk's Note: Councillor Cain left at 5:49 p.m.]

Chair Nytes asked if the 10-year abatement is only available in Franklin Township. Mr. Garrard stated that the abatement is only for the five parcels in the pilot program in Franklin Township. The parcels are fairly large and are located near the interstate. It is the hope that the location will attract suppliers for the new Honda plant. Honda likes their suppliers to be close to them, and these parcels would make Marion County a competitive location.

Councillor Sanders asked if the tax abatement was a 100% abatement for all ten years or if they are phased in. Mr. Garrard stated that the abatements are phased in. The tax abatement is not a tax exemption; it is a 100% tax abatement the first year, a 90% rate the second year, and less each successive year until the end of the abatement period tax dollars are recouped. Franklin Township overwhelmingly supported this program.

Councillor Abdullah said he is not a champion of abatements but appreciated this information. He asked if they are being used excessively and if there are abatements for shorter periods of time. Mr. Garrard said that abatements are only allowed for a maximum of 10 years, but they are usually for a much shorter time. The abatements allow the city and the state to put together a competitive incentive package. Councillor Abdullah asked if there is a contingency plan to get the money from the tax abatement if the company closes. Mr. Garrard said that there is a "Claw back" clause in the agreement that requires the company to pay the taxes if they do not meet any of the requirements, including closure. Chair Nytes stated that the Department of Metropolitan Development (DMD) has staff that continually checks on the companies to make sure they are staying compliant with the agreement. She added that it would be interesting to see some of the reports from DMD and asked if Mr. Garrard could provide some of those from the higher profile abatements. Mr. Garrard answered in the affirmative.

Councillor Pfisterer stated that this has been an interesting presentation and good news for the city. She said Ivy Tech is now offering training programs for specific companies and asked if the city is looking into this and if it would be advantageous for the city. Mr. Garrard said he saw the announcement but still needs to talk to Ivy Tech about the program, but is glad that there is another source of help out there.

Chair Nytes stated that IPIC's goal is to match real skill requirements with training, using employer roundtables and other meetings to help employees. Councillor Pfisterer said that it seems like an effective use of tax dollars. Councillor Sanders stated that she is concerned that IVY tech is training for a specific company rather than an industry. If tax dollars are being used to fund this very specific kind of training, it seems like corporate welfare. She stated that corporations should take on some of the fiscal responsibility for very specific training. Mr. Garrard stated that the hope is that the skills would not be so specific that they would not be transferable. Councillor Sanders stated that after ten years of background in workforce development in Indiana, she is concerned because the degree of transferability is less than what it should be.

Chair Nytes asked for clarification regarding an announcement about the Community Revitalization Enhancement District (CReEd) area on Lafayette road. Mr. Garrard said CReEd is established and is being used as a marketing tool. Wal-Mart said the Lafayette road store would be open by the end of 2007, and two other businesses have taken advantage of the program. He said there are 11 CReEd districts in the state. Some of the money invested in the area will come back to the city for reinvestment. Businesses that open in a CReED district get a 25% pre-tax credit for that investment. The state is in the process of re-evaluating CReED district applications. The state will look at four areas to for the investments to ensure quality:

- What is the local incentive or investment; is the city also investing in the project.
 - What is the condition of the district itself.
 - What is the return on investment for the state.
 - What is the project viability; would it happen with or without state dollars.
- This policy was just announced, therefore the rules have not been set up. He said it appears that the state will scrutinize the applications harder, and they may not be as free with money as they were previously.

Chair Nytes wanted clarification that since the creation of the CReED district, two businesses and Wal-Mart have completed applications. Mr. Garrard answered in the affirmative and stated that Wal-Mart probably will not take advantage of the CReED credits, but will probably build there anyway. The state has not established a baseline yet. Chair Nytes asked for clarification that the

area was established two years ago. Mr. Garrard answered in the affirmative and said that there has not been an assessed valuation. He added that Marion County is supposed to be next on the list. Chair Nytes stated that Lafayette Square needs this badly.

Chair Nytes asked for an update on the eastside. She stated that this was a different approach from CreED, because the city designated a zone that required the reuse of big box store buildings. Mr. Garrard stated that the city offered an automatic five-year abatement, and most of the boxes along the East Washington are filled. He stated that Jeff Bennett, DMD Assistant Administrator, recently made a presentation regarding this project. Mr. Bennett stated that it was a five-year automatic abatement for property that was 40,000 square feet or larger. The three-year program started in 2003 and spurred \$11 million in investment along East Washington Street. The big boxes are now largely full, and that redevelopment has spurred the demolition of under-performing motel sites and apartment sites for other retail redevelopment. He added that the Eastgate Mall site and the Irvington Plaza site are still in need of work. The success of this program has opened up discussions to keep the program available beyond this year. Chair Nytes asked if the ability to use this tool is a matter of declaring a redevelopment area. Mr. Garrard answered in the affirmative. Chair Nytes stated that this tool could be used in other parts of the city if it is determined that this plan was the factor for the stimulus. Mr. Garrard answered in the affirmative.

Chair Nytes asked for public input or additional comments; none were offered. Chair Nytes thanked Mr. Garrard for attending.

There being no further business, and upon motion duly made, the meeting was adjourned at 6:06 p.m.

Respectfully Submitted,

Jackie Nytes, Chair

JN/cc